

**University Formula Advisory Committee  
Texas Higher Education Coordinating Board  
September 9, 2003**

**MINUTES**

Members present: Jesse Rogers (convening chair), Jim Brunjes, Phillip C. Diebel, Guy Bailey, Sandra Harper, Myra McDaniel, Tom Kale, Mike Kerker, Bill Perry, Bill Nance, Priscilla Slade, Claudia Stuart, Cotton Hance, and Peter Kretzschmar.

Members absent: Tito Guerrero III, Willie Tempton, and Karen S. Haynes.

Ken Craycraft attended for Lamar Urbanovsky, and Marsha Kelman for Sheldon Ekland-Olson.

Jesse Rogers convened the meeting in the Board Room of the Texas Higher Education Coordinating Board at 1:00 p.m. on September 9, 2003.

Members of the Committee and the audience introduced themselves.

Dr. Rogers was elected as the permanent chair.

Commissioner Brown presented a charge to the Committee.

Jeff Phelps provided an overview of formula funding to the Committee. He also discussed the recommendations of the previous formula advisory committee, and the results from the recently ended legislative session.

Phil Diebel discussed the recent efforts of the *Ad Hoc* Matrix Committee to validate the relative weights contained in the current Instruction and Operation (I & O) matrix used to determine formula funding for public universities. The *Ad Hoc* Matrix Committee had been meeting, and collecting and analyzing data over the past year. The work represents a substantial effort to use an all cost methodology to calculate the relative weights. All agreed this was likely to be the primary issue that the Formula Advisory Committee would be addressing in the upcoming deliberations.

The Committee decided to meet again on October 7, 2003. The I & O and Infrastructure Study Committees meetings will take place prior to the Formula Advisory Committee meeting, which will begin at 2:00 p.m.

The meeting was adjourned at approximately 2:00 p.m. so the Study Committees could convene.

**University Formula Advisory Committee  
Texas Higher Education Coordinating Board  
October 7, 2003**

**Minutes**

Members present: Jesse Rogers (chair), Jim Brunjes, Phillip C. Diebel, Guy Bailey, Sandra Harper, Tom Kale, Mike Kerker, Bill Perry, Bill Nance, Priscilla Slade, Claudia Stuart, Cotton Hance, Lamar Urbanovsky, and Peter Kretzschmar.

Members absent: Tito Guerrero III, Willie Tempton, Larry King, Karen S. Haynes, and Myra McDaniel.

Marsha Kelman attended for Sheldon Ekland-Olson.

Jesse Rogers convened the meeting in the Board Room of the Texas Higher Education Coordinating Board at 1:00 p.m. on October 7, 2003.

Phil Diebel discussed the issues being address by the Instruction and Operation (I&O) Study Committee. While there was agreement on the treatment of four of the five cost centers, the allocation of Departmental Operating Expenses (DOE) was still under consideration. Mr. Diebel reported that a subcommittee was being formed to address DOE and that it would meet prior to the next University Formula Advisory Committee (FAC) meeting, hopefully with a recommendation that the I&O Study Committee will be comfortable making to the full FAC. Mr. Diebel reminded the Committee that the recommendation would be for a methodology and not for a particular set of matrix values. If agreement is reached within the FAC and that recommendation is accepted by the Commissioner and the Coordinating Board, a likely result would be all institutions to provide updated data. The adopted methodology would then be used to determine new matrix relative weights.

Bill Nance discussed the progress of the Infrastructure Study Committee. Three subcommittees have been set up: The Space Model Subcommittee (Vergel Gay, chair), the Utility Formula Subcommittee (Jim Brunges, chair), and the Small School Supplement Subcommittee (Rosemary Martinez, chair).

The FAC and the Study Committees will meet again on November 4, 2003. The Infrastructure Subcommittee meetings will meet at 10:00 a.m., the I&O Study Committee will meet at 11:00 a.m., and the FAC meeting will begin at 1:00 p.m. All meetings will be at the Coordinating Board.

The meeting was adjourned at approximately 2:00 p.m.

**University Formula Advisory Committee  
Texas Higher Education Coordinating Board  
November 4, 2003**

Minutes

Members present: Jesse Rogers (chair), Jim Brunjes, Phillip C. Diebel, Guy Bailey, Sandra Harper, Tom Kale, Tito Guerrero III, Bill Perry, Bill Nance, Larry King, Cotton Hance, Myra McDaniel, Lamar Urbanovsky.

Members absent: Sheldon Ekland-Olson, Mike Kerker, Priscilla Slade, Claudia Stuart, Willie Tempton, John Rudley, Peter Kretzschmar, and Karen S. Haynes.

Marsha Kelman attended for Sheldon Ekland-Olson, Wayne Beran attended for Karen Haynes, Ed Hugetz attended for John Rudley, and Richard Pitre and Gayla Tomas attended for Priscilla Slade.

Jesse Rogers convened the University Formula Advisory Committee (FAC) meeting in the Board Room of the Texas Higher Education Coordinating Board at 1:10 p.m. on November 4, 2003.

Minutes from the October 7, 2003 meeting were approved.

Phil Diebel discussed the issues being address by the Instruction and Operation (I&O) Study Committee. Agreement on the allocation of Departmental Operating Expenses (DOE) was reached and it was decided that each school would decide the allocation method, using semester credit hours, faculty salaries, or some combination of the two. Discussions regarding the appropriateness of using the cost analysis to determine the relative weights continued. There was general agreement that, while the methodology is a reasonable one, the dramatic reductions that some of the universities faced was likely to be unacceptable. A Subcommittee charged to look at transitional implementation has been formed to make recommendations to the I&O Study Committee that would mitigate the funding reductions. Mr. Diebel, Bill Perry, and Jeff Phelps will meet to develop some alternative transitions methods. The meeting will be scheduled shortly, and any other members may also participate. The Subcommittee will hold one meeting prior to the next FAC meeting. Notification of time and place will be sent to all members.

Bill Nance discussed the progress of the Infrastructure Study Committee. Three subcommittees have been set up. The Space Model Subcommittee (Vergil Gay, chair), the Utility Formula Subcommittee (Jim Brunges, chair), had met earlier, and the Small School Supplement Subcommittee (Rosemary Martinez, chair) was having a conference call at 2:00 on November 4, 2003. The Space Model Subcommittee was still considering the validity of the results of the teaching space model. There was quite a bit of variability in the space allocated to different disciplines and the Subcommittee wanted more information prior to making a recommendation. The Utility Formula Subcommittee was also questioning the current 50-50 split between utilities and space within the infrastructure formula. Alternative splits were still being considered.

The FAC and the study committees will meet again on December 15, 2003. The I&O Study Committee will meet at 9:00 a.m., Infrastructure Study Committee will meet at 10:00 a.m., and the FAC meeting will begin at 1:00 p.m. All meetings will be at the Coordinating Board.

The meeting was adjourned at approximately 2:00 p.m.

**University Formula Advisory Committee  
Texas Higher Education Coordinating Board  
December 15, 2003**

**Minutes**

Members present: Jesse Rogers (chair), Jim Brunjes, Phillip C. Diebel, Guy Bailey, Sandra Harper, Tom Kale, Tito Guerrero III, Bill Perry, Bill Nance, Larry King, Cotton Hance, Myra McDaniel, Claudia Stuart, Sheldon Ekland-Olson, John Rudley, Lamar Urbanovsky, Priscilla Slade and Mike Kerker.

Members absent: Peter Kretzschmar.

Also attending: Shirley Reed, Ken Tasa, and Gary Johnstone

Jesse Rogers convened the meeting in the Board Room of the Texas Higher Education Coordinating Board at 1:10 p.m. on December 15, 2003.

Minutes from the November 4, 2003 meeting were approved.

Dr. Shirley Reed, South Texas Community College, and Ken Tasa along with Gary Johnstone, Brazosport Community College, presented formula funding recommendations for the baccalaureate pilot project to be conducted at their institutions and Midland College. The recommendations were for the three colleges to receive state appropriations as determined by the Instruction and Operations Formula plus the Teaching Experience Supplement, without considering the tuition charged as part of all funds. No infrastructure support or small school supplement was requested at this time. The UFAC unanimously approved their recommendations.

Phil Diebel presented the Instruction and Operation (I&O) Study Committee recommendations, which are as follows:

1. Implement the cost-based methodology for determining the relative weights of the Instruction and Operations matrix.
2. Implement a budget-neutral transition / phase-in of the cost based methodology, in which half of the rate of change between the relative weights contained in the current matrix and the relative weights of the calculated matrix would be applied. The three exceptions to this are undergraduate, upper-division nursing, master's-level health services, and special professional pharmacy. These three relative weights would be adjusted so that Texas Southern and Texas Woman's Universities losses would be capped at 3 percent.
3. Implement the cost-based methodology for the FY 2006-2007 biennium.
4. Institutional data from FY 2002 and FY 2003 would be averaged and serve as the basis for the recommendations for the FY 2006-2007 biennium.

## **Formula Advisory Committee**

**December 15, 2003**

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These recommendations were discussed at some length by the UFAC. The committee voted 10-8 to adopt the cost-based methodology. Recommendations 2, 3, and 4 were also adopted with the same vote.

The following recommendations were also discussed and adopted unanimously:

5. No change is recommended to the 10 percent teaching supplement.
6. A CPI inflation adjustment was recommended for the I&O rate (currently \$51.25).
7. Growth between the base periods should be fully funded (\$~111 million), and a supplemental payment for dramatic growth was recommended (\$2 million per year).
8. A supplemental payment for success was discussed, but no specific recommendation was provided.
9. Distance education was discussed, but no specific recommendation was provided. The committee recommended continued study of the cost of providing distance education.

Bill Nance discussed the Infrastructure Study Committee's recommendations, which are as follows. All five of the recommendations were adopted by the UFAC:

1. Move the architecture area classification from program area 2 to 1.
2. Change the infrastructure weight from the current ratio of 2.78/5.95 to 2.27/5.95, which will fully fund utilities.
3. Adjust the small school supplement (\$750,000) for inflation using the CPI-U. This amount was determined in 1998 and has not been adjusted since that time. Future study committees should review the cutoff of 5,000 students.
4. Allow Lamar University and the TSTC institutions to receive a small school supplement, which would be one-half of that received by the universities.
5. Adjust the FY 2004-05 NASF rate (\$5.95) and the research and office space factors in the space projection model to reflect changes in the CPI-U.

The UFAC and the study committees are not scheduled to meet again. The above recommendations will be forwarded to the Commissioner and presented at the April, 2004 Coordinating Board meeting.

The meeting was adjourned at approximately 3:00 p.m.